



Hindustan Unilever Limited

ANNUAL REPORT 2011-12

Creating a better future every day





OUR MISSION

WE WORK TO CREATE A BETTER FUTURE EVERY DAY.

We help people feel good, look good and get more out of life with brands and services that are good for them and good for others.

We will inspire people to take small, everyday actions that can add up to a big difference for the world.

We will develop new ways of doing business with the aim of doubling the size of our Company while reducing our environmental impact.

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EXAMPLES OF OUR BRANDS DELIVERING SUSTAINABLE GROWTH

CONSOLIDATED FINANCIAL STATEMENTS

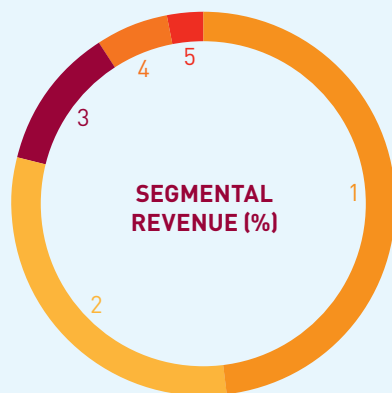
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- **30 million people reached** with **Lifebuoy soap** **handwashing** programmes in 2011-12
- **Around 60%** of our major food and beverage brands — Brooke Bond, Bru, Knorr, Kissan and Kwalley Wall's — comply with the **'Healthy Choice'** guidelines
- **30 million people** have **gained access to safe drinking water** by using **Pureit** in-home water purifier, since 2005
- **60% of tomatoes** in Kissan Ketchup are **sourced sustainably**

FINANCIAL HIGHLIGHTS AND BRANDS



- 1 Soaps and Detergents **48.1**
- 2 Personal Products **31.0**
- 3 Beverages **11.8**
- 4 Packaged Foods **6.2**
- 5 Others **2.9**

NET REVENUE

RS

22,116

CRORES

PROFIT FOR THE YEAR

RS

2,691

CRORES

EPS (BASIC)

RS

12.46

EVA

RS

2,250

CRORES



FINANCIAL PERFORMANCE

10 YEAR TRACK RECORD

Standalone

Rs. Crores

STATEMENT OF PROFIT AND LOSS	2002	2003	2004	2005	2006	2007	2008-09 (15 months)	2009-10	2010-11 ^	2011-12 ^
Gross Sales*	10,951.61	11,096.02	10,888.38	11,975.53	13,035.06	14,715.10	21,649.51	18,220.27	20,285.44	22,800.32
Other Income	384.54	459.83	318.83	304.79	354.51	431.53	589.72	349.64	627.38	659.08
Interest	[9.18]	[66.76]	[129.98]	[19.19]	[10.73]	[25.50]	[25.32]	[6.98]	[0.24]	[1.24]
Profit Before Taxation @	2,197.12	2,244.95	1,505.32	1,604.47	1,861.68	2,146.33	3,025.12	2,707.07	2,730.20	3,350.16
Profit After Taxation @	1,731.32	1,804.34	1,199.28	1,354.51	1,539.67	1,743.12	2,500.71	2,102.68	2,153.25	2,599.23
Earnings Per Share of Re. 1#	8.04	8.05	5.44	6.40	8.41	8.73	11.46	10.10	10.58	12.46
Dividend Per Share of Re. 1#	5.16	5.50	5.00	5.00	6.00	9.00	7.50	6.50	6.50	7.50

* Sales before Excise Duty Charge @ Before Exceptional/Extraordinary items # Adjusted for bonus ^ 2010-11 and 2011-12 based on Revised Schedule VI

BALANCE SHEET	2002	2003	2004	2005	2006	2007	2008-09 (15 months)	2009-10	2010-11 ^	2011-12 ^
Fixed Assets	1,322.34	1,369.47	1,517.56	1,483.53	1,511.01	1,708.14	2,078.84	2,436.07	2,457.86	2,362.92
Investments	2,364.74	2,574.93	2,229.56	2,014.20	2,413.93	1,440.80	332.62	1,264.08	1,260.67	2,438.21
Net Deferred Tax	269.92	267.44	226.00	220.14	224.55	212.39	254.83	248.82	209.66	214.24
Net Assets (Current and Non-current)	[239.83]	[368.81]	[409.30]	[1,355.31]	[1,353.40]	[1,833.57]	[182.84]	[1,365.45]	[1,268.67]	[1,502.44]
	3,717.17	3,843.03	3,563.82	2,362.56	2,796.09	1,527.76	2,483.45	2,583.52	2,659.52	3,512.93
Share Capital	220.12	220.12	220.12	220.12	220.68	217.74	217.99	218.17	215.95	216.15
Reserves & Surplus	3,438.75	1,918.60	1,872.59	2,085.50	2,502.81	1,221.49	1,843.52	2,365.35	2,443.57	3,296.78
Loan Funds	58.30	1,704.31	1,471.11	56.94	72.60	88.53	421.94	-	-	
	3,717.17	3,843.03	3,563.82	2,362.56	2,796.09	1,527.76	2,483.45	2,583.52	2,659.52	3,512.93

^ 2010-11 and 2011-12 based on Revised Schedule VI

SEGMENT-WISE SALES (%)	2002	2003	2004	2005	2006	2007	2008-09 (15 months)	2009-10	2010-11	2011-12
Soaps, Detergents & Household Care	45	44	45	45	47	47	49	48	46	48
Personal Products	22	24	26	28	29	29	29	30	32	31
Foods	30	29	27	25	22	22	20	20	20	19
Chemicals, Agri, Fertilisers & Animal Feeds	2	2	1	1	1	1	1	0	0	-
Others	1	1	1	1	1	1	1	2	2	2

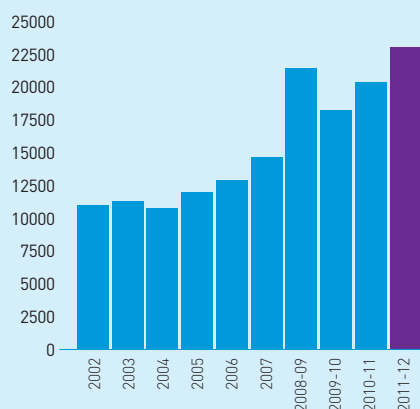
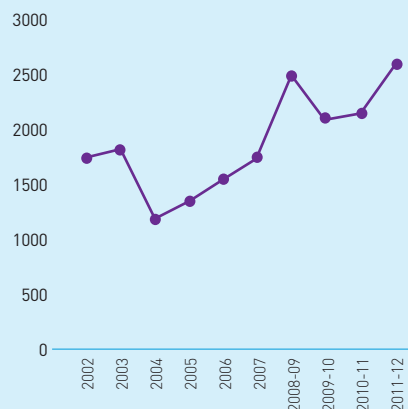
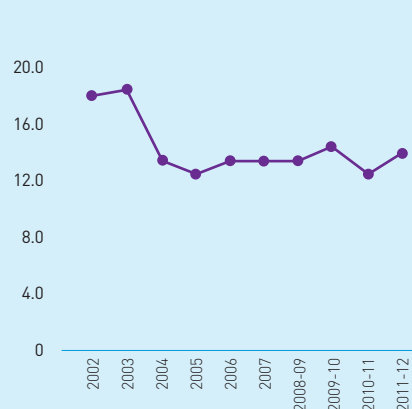
KEY RATIOS AND EVA	2002	2003	2004	2005	2006	2007	2008-09 (15 months)	2009-10	2010-11	2011-12
EBIT as % of Sales	17.6	18.4	13.4	12.3	13.1	13.1	13.1	14.1	12.1	13.5
Fixed Assets Turnover (No. of times)	8.3	8.1	7.2	8.1	8.6	8.6	8.3*	7.5	8.3	9.6
PAT / Sales (%)	15.8	16.3	11.0	11.3	11.8	11.8	11.6	11.5	10.6	11.4
Return on Capital Employed (%)	59.4	60.2	45.9	68.7	67.0	78.0	107.5*	103.8	87.5	96.8
Return on Net Worth (%)	48.4	82.8	57.2	61.1	68.1	80.1	103.6*	88.2	74.0	77.7
Economic Value Added (EVA) (Rs Crores)	1236	1429	886	1014	1126	1314	2154	1791	1750	2250

*Shown on an annualised basis

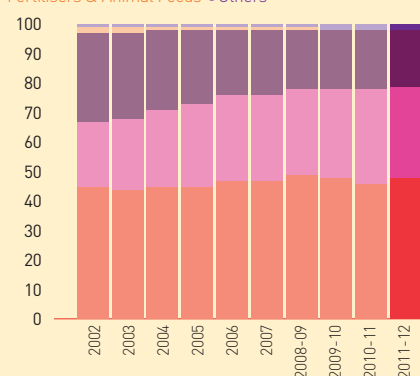
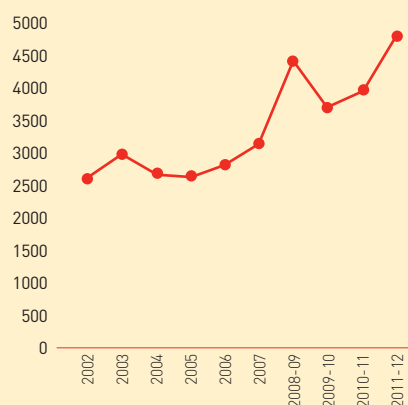
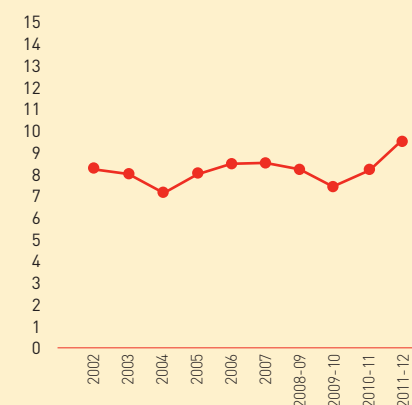
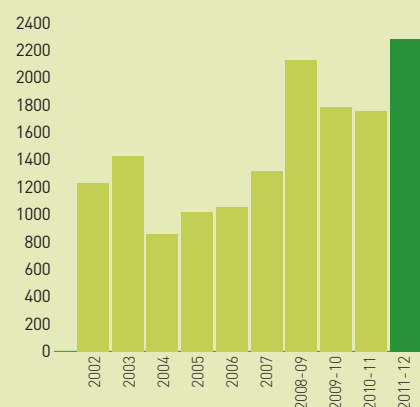
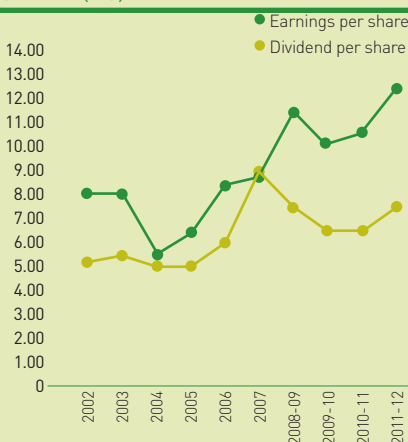
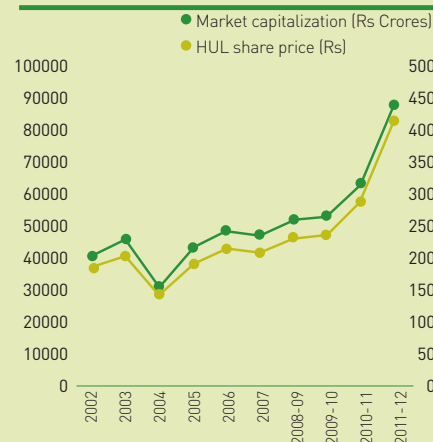
OTHERS	2002	2003	2004	2005	2006	2007	2008-09 (15 months)	2009-10	2010-11	2011-12
HUL Share Price on BSE (Rs. Per Share of Re. 1)*	181.75	204.70	143.50	197.25	216.55	213.90	237.50	238.70	284.60	409.90
Market Capitalisation (Rs. Crores)	40,008	45,059	31,587	43,419	47,788	46,575	51,770	52,077	61,459	88,600
Contribution to Exchequer (Rs. Crores)	2,609	2,999	2,674	2,638	2,813	3,133	4,429	3,704	3,953	4,839

* Based on year-end closing prices quoted in the Bombay Stock Exchange, adjusted for bonus shares

PERFORMANCE TRENDS

GROSS SALES (Rs Crores)

PROFIT AFTER TAX (Rs Crores)

EBIT (% of Sales)

SEGMENT WISE SALES (%)

● Soaps, Detergents & Household Care
 ● Personal Products ● Foods ● Chemicals, Agri, Fertilisers & Animal Feeds ● Others


CONTRIBUTION TO EXCHEQUER (Rs Crores)

FIXED ASSETS TURNOVER (No of times)

ECONOMIC VALUE ADDED (EVA) (Rs Crores)

EARNINGS AND DIVIDEND PER SHARE (Rs)

MARKET CAPITALISATION AND HUL SHARE PRICE


CHAIRMAN'S LETTER

Dear Shareholders,

In 2011, we have delivered a robust business performance, which has been consistent and competitive through the year and at the same time made good progress on our sustainability agenda. Our growth momentum has once again set us out as a leader in our sector.

DOMESTIC CONSUMER BUSINESS

18% 

NET PROFIT

17% 

PBIT

25% 

The domestic consumer business grew by 18% with 9% underlying volume growth. Profit Before Interest and Tax (PBIT) grew by 25% with PBIT margin improving 140 basis points. Profit After Tax but before exceptional items, PAT (bei), grew by 20% to Rs.2,592 crore with Net Profit at Rs.2,691 crore growing 17%.

A relentless focus on our consumers and in-market execution helped the business deliver these strong numbers. We are driving bigger, better and faster innovations with almost 60% of our portfolio touched by innovations during the year. We continue to drive superiority of our products in the core categories as we invest to build the categories of tomorrow.

We further expanded our direct retail coverage in 2011. Over the last two years, we have added one million new stores, doubled our coverage and taken HUL products and services to some of the remotest corners of the Country. We now have over one million outlets enrolled in our 'Perfect Stores' programme, which focuses on better availability and visibility of all our key brands in retail stores. This programme has been supported by sophisticated analytics (Project iQ) which has helped

our sales force to drive better execution and higher throughputs in stores. More importantly, it has helped us improve our overall service levels by 260 basis points during the year, with an even sharper improvement of 400 basis points in Modern Trade.

While it was 'business as usual' on our growth agenda, it was 'business unusual' on costs. A sharp focus on cost management enabled us to continue to invest behind our brands and capabilities while delivering an improvement in margins.

We made good progress against targets in the first year of our Unilever Sustainable Living Plan. In 2011, we reduced CO₂ emissions per tonne of production by 14.7% and water usage in our manufacturing operations by 10.1% compared to our 2008 baseline. HUL has been working for more than a decade in the area of water conservation in locations which face acute water shortage. Through the Hindustan Unilever Vitality Foundation, we are working with NGOs engaged in community projects to conserve water. By 2015, we expect hundred billion litres of water to be harvested through the projects we have undertaken. One million people in 180 villages across



India will benefit. In most projects, a 50% rise in crop production is expected.

In another initiative, HUL has entered into partnership with UNICEF and Department of Rural Development, Government of Madhya Pradesh, to implement hygiene awareness programme in over 5000 schools in 2012. This will further strengthen the Lifebuoy handwash programme in India, which is now reaching 30 million people across the Country.

We firmly believe that sustainability has to be at the heart of our business model and will help us drive faster growth and reduce costs. We see this as a source of competitive advantage for the business now and in the years ahead.

Your Company has always prided itself for attracting and developing the best talent. A robust employer brand is crucial to attracting the best talent, and HUL has emerged as the No.1 employer of choice amongst the top business school students and retained the 'Dream Employer' status for the third year running. We have a holistic 'Annual Performance Cycle' encompassing three clear steps: setting goals,

assessing performance and providing merit-based rewards. This delivers clarity, consistency and encourages living our standards of leadership.

We have always believed that our growth was intrinsically linked with the growth of our people. We encourage diversity and a performance driven organisational culture in which people give their best and feel proud to be part of a successful and a caring organisation.

I would like to thank each and every one of our employees whose commitments and efforts made 2011 yet another successful year for the Company.

I would also like to thank you, all our shareholders, for your continued support in our journey of delivering consistent, competitive, profitable and responsible growth.

With warm regards,

Harish Manwani

Chairman

**WE FIRMLY
BELIEVE THAT
SUSTAINABILITY
HAS TO BE AT THE
HEART OF OUR
BUSINESS MODEL
AND WILL HELP
US DRIVE FASTER
GROWTH AND
REDUCE COSTS.**

WINNING WITH BRANDS AND INNOVATION

Two out of three Indians use our products, making our brands a part of every day life.

We help people look good, feel good and get more out of life with brands and services that are good for them and good for others.

Bigger, better, faster innovation

Brands and innovation are at the heart of everything we do. Research and Development (R&D) is the home of breakthrough technology for bigger, better, faster innovations.

Home & Personal Care

In 2012, we launched Lifebuoy 'Activ Naturol Shield', providing breakthrough technology in germ protection. The technology packs a combination of naturally occurring substances with the best of technology in cleansing, providing ten times better protection against disease causing pathogens.

It is a matter of pride for us that the Unilever R&D centre in Bengaluru, India, was the lead research centre for this innovation.

The launch of Pond's Age Miracle Cell ReGEN Range brought to the Indian

market the most advanced anti-ageing technology developed by the Pond's Institute. The New Pond's Age Miracle with Intelligent Pro Cell Complex gives aging skin cells three times more skin renewal power. This extensive collection provides everything the contemporary Indian woman needs for flawless natural-looking makeup.

In another innovation, Fair and Lovely introduced a 'future tube' to upgrade sachet consumers to an affordable yet aspirational format. This enabled incremental volume and value consumption by inviting existing sachet users to trade up to the 'future tube', which apart from being innovative and easy to use was priced to deliver greater value.

In Hair Care, the Keratinology innovation launched by Sunsilk is specially designed to prolong the beauty of salon-treated hair. It features Keratin Micro Technology, which works to intensively nourish and reconstruct the hair's surface for stunning hair renewal and keeps salon beauty for longer.

The Color Rescue range by Dove brought to the Indian market a unique product that repairs damaged hair and helps lock in the vibrant colour for longer.

In laundry, the Rin portfolio was further extended with the launch of Rin Perfect Shine Neel in the Liquid Blues category. The Rin portfolio currently includes Rin Washing Powder, Rin Detergent Bar and Rin Bleach. Liquid Blues is a logical extension for the Rin brand, which carries the promise of delivering sparkling white clothes.

Comfort, the fabric conditioner brand, has grown with innovative market development. Comfort anti bacteria was launched as a new variant during the year to build on the huge success that the category has seen in just a few years since it was first launched in India.

In colour cosmetics, Lakmé launched the premium range of Absolute makeup – a high performance color cosmetics range, with leading edge technology sourced from our Italian and French partnerships. With a stunning range of high-end face, lip, nail and eye offerings, along with professional make-up applicators, Lakmé Absolute provides the Indian woman with a premium long-wear line.

Axe, the leading deodorant with a presence of over 10 years in India, saw the portfolio extended with the launch of Axe Shower Gel.

